

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF IOWA

IN RE

**MERCY HOSPITAL, IOWA CITY,
IOWA *et al***

Debtors

Chapter 11

Case No. 23-00623

**PROGRESSIVE REHABILITATION
ASSOCIATES' MOTION FOR
PAYMENT OF ORDINARY COURSE
INVOICES**

Progressive Rehabilitation Associates, LLC (PRA), through its undersigned counsel, for its above titled Motion for Payment of Ordinary Course Invoices (the "Motion"), respectfully states:

1. On or about August 7, 2023 the Debtor filed its Chapter 11 petition in the above captioned matter (the "Petition Date").
2. Shortly after the Petition Date, the Debtor entered into negotiations with PRA for the continuation of services PRA had been providing pursuant to a pre-petition executory contract. These negotiations resulted in an agreement for PRA to continue providing such services, post-petition, and to be paid for such post-petition services in the ordinary course. The agreement further defined "ordinary course" for payments to be within ten (10) days of invoice date.
3. As of the Petition Date, there were arrearages owing on the executory contract slightly in excess of two hundred thousand dollars (\$200,000.00). As part of the post-petition agreement for payment of post-petition services, Debtor and PRA agreed that pre-petition arrearages on the contract would be addressed by an anticipated buyer of Debtor's assets who would have the right to assume the contract, and cure the pre-petition arrearages, or reject the contract, leaving PRA with the right to assert a breach of contract claim for the resulting damages, including the pre-petition arrearages.
4. The ultimate buyer of the Debtor's major assets, The University of Iowa Hospitals and Clinics ("UIHC"), decided to assume the executory contract with PRA and negotiated with PRA for payment of the pre-petition arrearages due on the contract.
5. Pursuant to prior agreement, the Debtor continued to be responsible for the operating costs of Mercy Hospital until it closed the sale to UIHC. That closing occurred on or about January 31, 2024. Thereafter, PRA has submitted its invoices for services to UIHC.
6. The last invoices for post-petition services that PRA submitted to the Debtor was for services ending on January 30, 2024. The Debtor has wrongfully refused to pay those

invoices. A compilation of the amounts Debtor owes to PRA is attached hereto, marked as **Exhibit 1**, and incorporated by reference as if set forth in full herein.

WHEREFORE, PRA respectfully requests that the Court enter an order granting the Motion and requiring Debtor to forthwith pay the amounts set forth in Exhibit 1, which represents the contractual amount owing by the Debtor to PRA for charges incurred in the ordinary course of business prior to January 31, 2024. PRA requests such additional or alternative relief as the court may deem appropriate under the circumstances.

Respectfully Submitted,

/s/ Dan Childers

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of this document was served electronically on parties who receive electronic notice through CM/ECF as listed on CM/ECF's notice of electronic filing on April 26, 2024.

By: /s/ Patti K. O'Keefe



SUMMARY OF MERCY OUTSTANDING PAYMENTS

AS OF 1-31-2024

- **JANUARY MONTHLY MANAGEMENT FEE - \$4,137.00**
 - AMOUNT PAID MONTHLY TO PRA FROM MERCY TO MANAGE IN-PATIENT AND HOME HEALTH OPERATIONS
- **WAGES AND BENEFITS FOR IN-PATIENT AND HOME HEALTH STAFFING - \$27,155.79**
 - PRA Pay Period 1-26 through 2-15-2024. Amount to Mercy is for 1-26 through 1-30. Days 1-31 through 2-10 were submitted to and paid by UIHC
- **YEAR END RECONCILIATION - \$30,724.66**
 - Amount owed to PRA for its efforts in keeping cost per visit under Mercy Approved Budget for calendar year 2023. Per contract PRA gets 50% of the difference
- **401K MATCH FOR INPATIENT AND HOME HEALTH STAFF - \$21,160.80**
 - Benefit payment for 401K match allocation. PRA matches are calculated and matched year end.

Total Amount Outstanding: \$83,178.25